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Assistance for the reconstruction and development of Djibouti

Report of the Secretary-General

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I. Introduction

1. The present report is submitted pursuant to General Assembly resolutions 48/198 and 50/58 F, 51/30 E, 52/169 K on assistance for the reconstruction and development of Djibouti. It provides a brief description of the progress made in the implementation of the most recent resolution.

II. General conditions

2. Djibouti covers an area of 23,000 square kilometres and is characterized by an arid climate and extremely limited water and agricultural potential. Environmental degradation is a major threat to development. However, the country is strategically situated in the Horn of Africa at the juncture of the Red Sea and Indian Ocean. It has a coastline of 370 kilometres and common borders with Eritrea in the north, Ethiopia in the west and south, and Somalia in the south-east. Djibouti is the natural commercial door for Ethiopia, a market of 50 million persons.

3. The majority of Djiboutians are from the Afar and Somali ethnic tribes; the other groups are Yemeni Arabs and French. The country's population was estimated at 620,000 in 1996. The population is mostly urban and is concentrated in the capital. The annual natural growth rate is estimated at 3.1 per cent, but the actual population growth rate for the past decade has been 5 per cent. In addition, there is a large refugee population from neighbouring countries, which has placed enormous strain on the meagre resources available. The total number of refugees and displaced persons is not known, but estimates range from 100,000 to 150,000.

4. According to the *Human Development Report, 1997*,[1] Djibouti is ranked 162 among the 175 countries reviewed. The overall social situation of the country is precarious, due to the limitations of the education and training system, inadequate health facilities, and limited natural resources. The adult literacy rate is no more that 45.5 per cent, and the life expectancy at birth is one of the lowest in the world (48 years). Women play an active role in the economy of Djibouti and constitute 32 per cent of the labour force.

5. According to available data, more than 50 per cent of the Djiboutian health services cater to foreigners (immigrants, refugees, displaced persons, etc.) attracted to the proximity and the quality of the Djiboutian hospitals and health centres, and unsettled by the recent conflicts in the Horn of Africa. But the health system is free to all and, with the increasing numbers of beneficiaries, can no longer provide adequate services to the entire population. Moreover, the armed conflicts in the north of the country have caused physical damage to the health infrastructure.

6. Primary education is currently provided by a network of 64 public and nine private schools. Student/teacher ratios in primary schools range from 34-43:1 in the rural areas and are about 46:1 in the city. The number of students in a classroom ranges from 35 to 81, and averages about 65. Some schools with large numbers of students are forced to practise double-shifting, which may have to be extended if the growing demand for more public education cannot be met by increased investment in more schools. In some areas schools have been closed because of a lack of infrastructure and teachers.

7. The employment situation is closely linked to the educational sector. Each year more than 4,000 young people have no access to a general secondary education or to any kind of professional training. They arrive on the labour market without qualifications. The number is expected to grow within the next few years, particularly in Djibouti-ville. In rural areas, a shortage of pasture and fertile land restrains development and is cause for internal migration towards the capital.

8. Djibouti has a dual economy characterized by an important informal sector serving a population with low purchasing power, and by a modern economy, based on its port and airport infrastructure, serving a population with high purchasing power which depends almost entirely on imports.

9. It is estimated that more than 80 per cent of Djibouti enterprises operate in the informal and semi-informal sectors, including a large number of informal microenterprises which play a key role in the economy of the country. Women could perhaps play an increased economic role were they to have increased access to microfinancing.

10. In the absence of significant natural resources, the economy of Djibouti is based on the service sector which produced about 76 per cent of the country's gross domestic product (GDP) in 1997. The agricultural and industrial sectors remain very small (respectively, 3 per cent and 20 per cent of GDP). Djibouti enjoys a regional comparative advantage thanks to its transport infrastructure (port, airport, roads and railway), its banking establishments and its telecommunications facilities. It enjoys one of the most liberal economic regimes in Africa. Its currency is freely convertible, and there are no controls on capital movement.

11. Economic indicators for Djibouti have been declining in the past few years. The armed conflict in the north and

south-west which brought most of the country's development projects to a brutal halt, and the unstable socio-political situations in Ethiopia and Somalia have accelerated the deterioration of the Djiboutian economy. Real gross domestic product had grown on average by 4 per cent over the period 1988–1991, but the trend has declined since then, to 1.5 per cent in 1997. The income per capita has experienced a real contraction, decreasing by about 20 per cent over the past five years.

12. The Government's budget deficit was about 3.4 per cent of GDP in 1995, and the unpaid bill to local suppliers reached $152 million in 1997. The trade balance is negative, the deficit being about 18 per cent of GDP in 1995; before it stopped paying its debts, the Government used its reserves, letting the arrears accumulate. The public-enterprise sector has had a serious cash problem, compounded by its contribution to the governmental budget; the Government owes $87 million to public enterprises. The situation has worsened since 1995: arrears have tended to touch civil servants' wages, foreign funds have become rare, and loans from public enterprises difficult to obtain.

III. Current situation

13. The democratic process initiated in Djibouti after the signature of the peace agreement with the rebels has led to a new political system with many parties running for election. The parliamentary elections of 1997 resulted in representation of the ex-rebels' movement in the national parliament and a government of national union.

14. The recent border dispute between Ethiopia and Eritrea has resulted in the diversion of almost all Ethiopian cargoes from the ports of Massawa and Assab (in Eritrea) to Djibouti. This sudden increase in traffic of Ethiopian imports through Djibouti is placing heavy demands on the port of Djibouti and related infrastructure. The country is therefore called to meet and try to take advantage of this challenge, which has investment and capacity-building implications.

15. At the social level, conditions of life, already characterized by low purchasing power, worsened in 1997–1998 due to delays in salary payments for civil servants and to a high budget deficit. Poor health conditions, a low level of educational facilities and a work force with limited qualifications also hamper social progress.

16. Djibouti has initiated a demobilization programme with assistance from France and the European Union (EU). Of the 18,000 soldiers to be demobilized, about two thirds have been given financial incentives to leave the army. However, those being demobilized face difficulties getting employment because of their limited qualifications and skills and the state of the economy. Some development programmes target income-generating activities to absorb the demobilized.

17. In 1997 and 1998, frequent power outages hampered the growth of services and greatly reduced the productivity of the labour force. Electricity is provided for only about five hours a day, and the power utility is able to run at only about 10-20 per cent of capacity.

18. The country is still facing financial obligations largely exceeding its capacity, and sources of financing, both internal and external, are shrinking. Development assistance has decreased, and the number of French military personnel (the major contributor to GDP at almost 60 per cent) is diminishing.

19. The budget deficit in 1996 was about 5.5 per cent of GDP. This represents a slight improvement, compared to previous years, and is due to an increase in trade through Djibouti because of the recent problems between Ethiopia and Eritrea. It also results from a reduction in public spending and investment as a consequence of the implementation of a stand-by agreement for 1996–1997 signed with the International Monetary Fund (IMF).

20. The stand-by agreement foresees the reduction of public spending, consolidation of fiscal policy, implementation of financial control procedures and increased efforts to improve economic management. However, the implementation of the agreement ran into serious problems, notably due to a lack of funds for demobilizing soldiers called up during the civil war. In May 1998 a round-table of donors partially alleviated this constraint: France and the EU agreed to assist in the demobilization process. Consequently negotiations started with IMF to conclude a structural adjustment agreement financed against the Enhanced Structural Adjustment Facility. The IMF programme is backed by a World Bank-funded programme which includes institutional reforms, consolidation of the public-enterprise sector and financial stabilization. The implementation of the programme has just begun.

21. In Djibouti-ville, where 65 per cent of the population live, and in certain coastal areas, the water sources have reached a high degree of salinity. A recent report indicates that a dramatic shortage of drinkable water for Djibouti-ville's population can be expected around the year 2000. HIV/AIDS and other diseases, such as tuberculosis, are prevalent, and last year heavy flooding led to outbreaks of malaria and cholera.

IV. Major issues

22. Since the peace accord which ended the civil strife, reconstruction and development have been slow to get under way. The social reintegration of demobilized soldiers and their employment remain priorities for the country. Social infrastructure, such as hospitals, dispensaries, schools and water sources, need to be reconstructed so that the displaced population can be repatriated. Development activities need to be initiated in support of primary health care, primary schools and income generation. Environmental problems related to desertification and lack of energy are very serious. They have been exacerbated by poverty in rural and urban areas, which is both a cause and an effect of environmental degradation.

23. The Government still experiences a severe cash shortage. The resumption of discussions with the IMF to conclude a structural adjustment loan is a first priority. Following the round-table meeting held in Geneva in May 1997, France disbursed its share to the demobilization programme, and the EU has just started to disburse its funds. Discussions continue on providing the balance of the funds required.

24. A quick settlement of the conflict between Eritrea and Ethiopia is important for Djibouti. A prolonged dispute might result in a further influx of refugees. This would have a negative impact on the economy and put further pressure on the infrastructure, already strained due to the Ethiopian and Somali refugees. In addition, there are those affected by drought, a chronic feature of Djibouti's socio-economic situation.

25. Budget reductions have seriously affected the education, health and social sectors. Djibouti's educational system is currently under pressure to meet the challenges of growing unemployment, rising demand from a young population and a large influx of refugees. High drop-out rates, at both the primary and the intermediate school levels, also adversely influence the employment potential of Djibouti's youth. Technical and vocational training is very limited, and there is need for new policy ideas in education and employment. The country receives technical and financial support from the World Bank through a "social fund", a mechanism aimed at tackling the social consequences of the structural adjustments and at alleviating poverty.

V. Role of the United Nations

26. There is close cooperation among United Nations agencies and an increasing focus on social development. Efforts to define a common strategy on programming matters based on the development priorities of the country have intensified recently. United Nations activities in Djibouti currently concentrate on health, food security, rehabilitation and reconstruction, environmental issues and capacity-building, repatriation of refugees, governance, gender mainstreaming, and the integration of non-governmental organizations and civil society in development.

27. Three months after the adoption of General Assembly resolution 50/58 F at the end of 1995, the Administrator of the United Nations Development Programme (UNDP) made an official visit to Djibouti to discuss further with both the national authorities and the donor community the reconstruction and rehabilitation needs of the country. As a result, UNDP allocated almost $1.5 million to a programme for meeting those needs. The programme aims at establishing a framework for future action and enhancing national capacity to articulate and manage national reconstruction and rehabilitation. Small pilot projects of direct benefit to communities will also be funded. Three UNDP-financed programmes – on governance and decentralization, gender in development, and non-governmental organization development – have been approved since the end of 1997. They focus on poverty eradication at the grass-roots level, with emphasis on participatory development, microcredit and income-generating activities.

28. A major component of Djibouti's structural adjustment programme remains the demobilization process, which has not yet been completed. UNDP and the World Bank have provided financial support to strengthen the National Demobilization Committee's capacity to implement the programme. The process is ongoing, with more than 2,600 soldiers demobilized since early 1997. The World Bank is also funding a technical assistance programme aimed at accompanying the financial stabilization process. The programme has three major components, including public enterprise reform and privatization, institutional reform, and demobilization and social reinsertion.

29. In 1994–1995, the Office of the United Nations High Commissioner for Refugees (UNHCR) repatriated over 20,000 Ethiopian refugees from the refugee camps in Djibouti to their homeland; in mid-1995 a further 15,000 urban refugees were repatriated to Ethiopia. There are indications that most of the 18,000 Djiboutians who fled the civil war have returned spontaneously, though it is estimated

that there remain 3,000-6,000 Djiboutian refugees in Ethiopia. As of January 1998, there were 1,056 Ethiopians refugees in the Djiboutian camps, along with 21,000 Somali refugees. Uncertain political and security problems, particularly some 440,000 uncleared landmines in the areas of origin of the Somali refugees in north-west Somalia, have so far hampered any effective repatriation of Somali refugees.

30. The World Food Programme (WFP) is continuing its assistance to schools, hospitals and orphanages in the rural districts that were directly affected by the war and is working with non-governmental organizations to help provide food to some 2,000 malnourished children in clinics. Over 4,000 children have been assisted in WFP's school programme over the past four years. It should be noted that the percentage of girls in schools has increased to 42 per cent of the total, and the Minister of Education aims to reach 50 per cent countrywide over the next three years. WFP is also assisting women's adult literacy programmes.

31. WFP is studying the possibility of implementing quick action projects for rural people, particularly nomads, because they are highly vulnerable, have the worst rates of chronic malnutrition, and can easily become acutely malnourished whenever there is a drought. It is trying to enlist the support of other specialized donors, both bilateral and United Nations (Food and Agriculture Organization of the United Nations (FAO)/International Fund for Agricultural Development (IFAD)), to support hydro-agricultural activities for those populations. Over the past several years, WFP has been able to assist either directly with multilateral drought emergency food aid or indirectly by encouraging bilateral donors to give food aid on an emergency basis to the nomads, who are also located in the districts affected by the war.

32. Within the framework of the regular programme of the United Nations Children's Fund (UNICEF), and in collaboration with France, UNICEF and the Ministries of Health and Education in Djibouti rehabilitated and equipped 90 per cent of the schools and health centres destroyed during the internal conflict in three of the county's five districts. UNICEF provided equipment to the rehabilitated schools and clinics and supported the training of teachers and health workers. One hundred eighty-three health workers were trained in the integrated management of childhood, and 203 traditional birth attendants were trained in safe delivery techniques. UNICEF also provided basic health kits to mobile teams in two districts (Dikhil, Ali Sabieh) and helped set up a new central vaccine cold room.

33. Following a study in 1996, more emphasis was put on facilitating distance learning for girls and children who drop out of schools and on supporting local non-governmental organizations and community associations in establishing low-cost community schools and various forms of non-formal education. The initiative supported the construction and equipping of two schools in peri-urban areas where the majority of war-displaced people live. It also supported female literacy activities in partnership with local non-governmental organizations, in order to enhance women's social, economic and political empowerment. In the same spirit, the Government created the Division for the Promotion and Development of Women's Affairs within the President's Office. Safe drinking water supply activities have focused on rural districts. With the help of a contribution from the Government of Italy, 50 reservoirs (2,000 litres each) and three water trucks were supplied to three districts (Dikhil, Obock, Tadjourah) in response to an emergency appeal during the 1996 drought. With the help of the Canadian Fund, a two-and-a-half-kilometre water pipeline was constructed, providing safe drinking water to 18,000 people in a suburban area of the capital.

34. Within the framework of its mandate, the World Health Organization (WHO) is providing assistance to Djibouti in its reconstruction and rehabilitation efforts. The approach advocated by WHO is to have the community involved in solving local health problems. WHO gives priority to the Programme of Basic Development Needs whose strategy is the self-reliance of the community. The Programme, for which $350,000 is available in 1998/99, has already started in districts of Djibouti and Dikhil and will be initiated in the coming months in the district of Tadjourah and later extended to the whole country. WHO expects other partners, particularly United Nations agencies, to support the initiative. WHO also considers water supply and sanitation as an important concern, for which US$ 39,500 has been provided. Concerning disease control – another area of WHO concern which includes several health programmes – particular attention has been paid to strengthening the capacity of the country to prevent and respond to epidemic diseases, for which $208,500 is available, in addition to $100,000 that will be provided to the malaria programme in 1998 alone. It is understood that WHO, in collaboration with other partners, will continue to provide technical assistance, wherever needed, to the training of health personnel and to supplying drugs and medical equipment, particularly in the northern part of the country severely affected during the war of 1991–1994.

35. The living conditions in the refugee camps are basic, and there is little prospect of introducing income-generating

activities there. The four camps are located in remote sites close to the Ethiopian and Somali borders. Food assistance is provided by WFP, medicines and nutritional advice are given by the Association of Medical Doctors of Asia, and UNESCO helps educate around 1,500 refugee children in the camp schools. The Eglise protestant évangelise de Djibouti is providing limited social assistance to urban refugees living in Djibouti-ville. In addition to its role of providing protection to refugees, UNHCR is funding and ensuring the overall supervision and monitoring of the assistance programme.

36. Since 1996 UNDP, in the framework of the United Nations/AIDS joint and co-sponsored programme, has been developing a process which has led to the elaboration of a juridical and ethical frame. Various national partners and many other actors involved in the fight against HIV/AIDS have been closely associated with the process. Funds for reducing the socio-economic impact of HIV/AIDS have been exhausted, and at present UNDP is trying to mobilize additional resources to continue the effort against the epidemic.

VI. Conclusions

37. One year after the round-table meeting of May 1997, many of the promising pledges made by certain donors have yet to materialize.

38. The Government needs to conclude, as quickly as possible, an agreement with IMF to allow the country to receive badly needed financial assistance. The World Bank assistance programme needs to gather momentum.

39. Djibouti's difficulties and problems are first and foremost related to the economic and the financial crisis which resulted from the civil strife and the change in the international and subregional situations. In addition, recurring emergency situations (drought, flood, epidemics, etc.), large-scale destruction of livestock and water sources, and large movements of displaced populations have considerably increased Djibouti's need for emergency and humanitarian assistance.

40. The rural population in the country's five districts consists mainly of nomadic herdsmen living precariously on pastures depleted by drought and overgrazing. This situation has resulted in extensive livestock losses and reduced milk production to almost nothing. Drought also affects the urban population, with Djibouti-ville facing severe water shortages, especially in the summer months. There is urgent need to find a way to make the best use of rainwater and to explore additional water resources.

41. The rehabilitation process already initiated has to be strengthened. Djibouti still needs to rebuild much of its rural infrastructure so as to enable people to return to their original homelands. Schools, roads, hospitals, water facilities and dispensaries have to be reconstructed. Micro-credit programmes and projects and programmes of high labour intensity have to be implemented to encourage people to return to their villages. There is also a need to promote income-generating activities by introducing small-scale agriculture at the rural level. It is estimated that at least $100 million is urgently needed to mitigate the socio-economic impact of the civil war.

42. Building national management capacity in support of sustainable human development remains a vital priority. Assistance is needed in the fields of governance, administrative reform, and economic management. It is also important to support the training of national officials to contribute to rebuilding the fragile and declining economy.

43. Djibouti will have to find a way to enable the refugees and the displaced persons from neighbouring countries to return to their countries of origin. This can be done with the active support of the Inter-Governmental Agency for Development and UNHCR.

44. The education system needs to be modified to respond to Djibouti's needs and to avoid an increasing number of dropouts. At the same time, consideration of how to provide opportunities to those without qualifications, or with limited qualifications, needs attention.

45. The Secretary-General remains deeply committed to the implementation of General Assembly resolutions 48/198, 50/58 F and 52/169 K. He calls upon the international community to provide financial support to enable him to provide technical assistance for meeting urgent socio-economic programmes for the reconstruction and development process in Djibouti.

Notes

[1] Published for the United Nations Development Programme by Oxford University Press, New York, 1997.